

**UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF NEW YORK**

CONSUMER FINANCIAL  
PROTECTION BUREAU, et al.,

Plaintiff,

v.

STRATFS, LLC (f/k/a STRATEGIC  
FINANCIAL SOLUTIONS, LLC), et al.

Defendants, and

DANIEL BLUMKIN, et al.,

Relief Defendants.

Case No. 24-CV-40-LJV

**DECLARATION OF MARY LYNN CLARK IN SUPPORT OF DEFENDANT  
STRATFS, LLC'S MOTION TO DISSOLVE, OR ALTERNATIVELY MODIFY,  
THE TEMPORARY RESTRAINING ORDER**

Mary Lynn Clark, declares the following under penalty of perjury:

1. I am President of Defendant STRATFS, LLC and its related entities (collectively, "SFS"). As President, I oversee the entirety of SFS' operations providing outsourcing services to SFS' law firm customers and debt resolution services to SFS' direct consumer clients. Therefore, I am fully familiar with the facts and circumstances of this case and the contents of this declaration.

2. I have personal knowledge of the facts stated in this Declaration and, if called as a witness, I would testify competently to those facts. Furthermore, I have personal knowledge of the business documents and information forming the basis of

this Declaration, which were generated and kept in the regular course of SFS's business.

3. I submit this Declaration in support of SFS's motion to dissolve, or alternatively, modify the temporary restraining order entered in this case on January 11, 2024.

4. SFS employs nearly 1000 people, supports over 20 law firms, and provides critical assistance to over 75,000 consumers.

5. SFS includes two debt-settlement firms, Timberline and Atlas, that collectively provide debt settlement services to approximately 10,000 clients.

6. SFS also provides administrative support services to law firms across the country (collectively, the "Law Firms"). The Law Firms represent thousands of consumers in debt renegotiation, settlement, and defense.

7. The Law Firms have contracted with SFS to provide administrative, logistical and customer support services for approximately 65,000 current clients.

8. In each instance, the Law Firm signed written agreements with a SFS support entity wherein the Law Firm agreed to pay that SFS entity and, in return, that SFS entity agreed to provide administrative and support services, such as correspondence and file management, document collection, customer contact center services, and other administrative and logistical tasks associated with the Law Firm's representation of its clients.

9. More specifically, SFS provides non-legal support services, such as addressing non-legal customer service issues, answering clients' non-legal questions, handling client's requests to modify or change their payments to their third-party

dedicated account, interfacing with clients' creditors on administrative matters, answering clients' non-legal questions, gathering documents from clients, maintaining client files, and handling similar administrative tasks.

10. In 2022 and 2023, with the aid of SFS's services, approximately 27,000 Law Firm clients successfully completed the Law Firms' settlement programs using SFS' services.

11. From 2021 through 2023, SFS's services have enabled the Law Firms to collectively settle \$1.9 billion of their clients' debt, resulting in approximately \$1 billion in savings for the Law Firms' clients.

12. Prior to the Temporary Restraining Order and the Court's appointment of a Receiver, SFS provided administrative support for approximately 65,000 Law Firm clients who were instructed to direct routine email, mail, and telephone communications to SFS.

13. SFS currently handles over 200,000 Law Firm client requests each month, including: (1) 40,000-45,000 phone calls; (2) 30,000-35,000 emails; (3) 25,000-30,000 documents received (summonses, statements, collection notices); and (4) 5,000-6,000 draft adjustment requests.

14. Through providing these services to the Law Firms, SFS does not intend to provide legal advice or representation to the Law Firms' clients. Rather, SFS manages certain administrative and business components of associated with a law firm with thousands of clients.

15. On or about January 11, 2024, SFS was administering approximately 129,000 active payment plans in place for approximately 65,000 Law Firm clients. The



Law Firms contract with SFS to manage those payment plans. Without SFS's services, the Law Firms will be unable to effectively manage their clients' payment plans.

16. On or about January 11, 2024, the Law Firms had 24,000 debts across approximately 17,000 clients who have sufficient funds in their accounts to fund a term settlement in accordance with the Law Firms' typically obtained settlement agreements. SFS is responsible for coordinating with the Law Firms' clients to get their approval of the settlements negotiated by the Law Firms and with third party payment processors to ensure that the payment schedule is established for the Law Firms' clients. The Law Firms use SFS's services to finalize settlement agreements between their clients and their clients' creditors.

17. Currently, the Law Firms have reached approximately 4,900 settlements with their clients' creditors, but the settlements have not yet finalized (i.e., payment instructions set up with payment processors, first payments made). The initial payments under these recently secured settlements are due in January 2024.

18. Pursuant to those 4,900 settlements, the Law Firms settled \$29 million in debt for \$16 million paid in accordance with term settlement agreements. Without SFS's services, these settlement agreements will not be finalized, resulting in a \$13 million loss in savings to the Law Firms' clients. Nearly, 500 of those settlements are for litigated debts.

19. Additionally, the Law Firms receive approximately 1,000 new litigation cases each month. Documents related to 840 new cases were received and processed in December 2023. The Law Firms' clients are instructed to send summonses to email boxes, client portals, and/or mail administered by SFS. SFS archives the documents

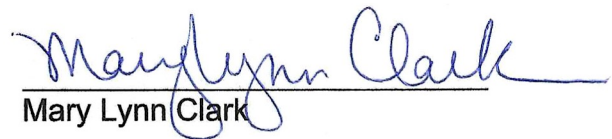
and uploads the information to Law Firms systems as instructed by the Law Firms.  
attorneys to respond to the lawsuits.

20. Delays associated with the processing of summonses and other documents will cause harm to the Law Firms' and their clients.

21. I have raised the aforementioned issues and concerns with the Receiver.

22. I declare that foregoing is true and accurate under the penalty of perjury.

Dated: January 16, 2024

  
Mary Lynn Clark